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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 10/791,918 | 03/03/2004 | John Edward Woods | 56162916-2 | 3827 |

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BAKER & MCKENZIE LLP
1114 AVENUE OF THE AMERICAS
NEW YORK, NY 10036

| EXAMINER | |
|---|---|
| VEZERIS, JAMES A | |

| ART UNIT | PAPER NUMBER |
|---|---|
| 3693 | |

| NOTIFICATION DATE | DELIVERY MODE |
|---|---|
| 06/10/2010 | ELECTRONIC |

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

nycpatents@bakernet.com
nycpatents@bakernet.com

| Office Action Summary | Application No. | Applicant(s) | |
|---|---|---|---|
| | 10/791,918 | WOODS ET AL. | |
| | Examiner | Art Unit | |
| | JAMES A. VEZERIS | 3693 | |

*-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --*

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

1)☒ Responsive to communication(s) filed on *05 January 2010*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

4)☒ Claim(s) *1,3-12,14-18,37-39 and 91* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1, 3-12, 14-18, 37-39 and 91* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

**Application Papers**

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

## Detailed Action

### Pre-Exam Formalities

1. Claims 1, 3, 12, 14, 37, and 39 are amended.

2. Claim 91 is new.

3. Claims 1, 3-12, 14-18, 37-39 and 91 are currently pending.

### Response to Applicant's Arguments

4. Applicant's arguments filed 1/5/2010, in response to the rejection of claims 1, 3-12, 14-18 and 37-39 under 35 U.S.C. 101 have been fully considered but they are not persuasive. Examiner appreciates applicant's argument that software is inherently run on a computer, but even the mention of a computer is insufficient to overcome a 101 argument. Applicant is pointed to'http://www.uspto.gov/web/offices/pac/dapp/opla/2009-08-25_interim_101_instructions.pdf' Specifically

"For computer implemented processes, the "machine" is often disclosed as a general purpose computer. In these cases, the general purpose computer may be sufficiently "particular" when programmed to perform the process steps. Such programming creates a new machine because a general purpose computer, in effect, becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software. To qualify as a particular machine under the test, the claim must clearly convey that the computer is programmed to perform the steps of the method because such programming, in effect, creates a special purpose computer limited to the use of the particularly claimed combination of elements (i.e., the programmed instructions) performing the particularly claimed combination of functions. If the claim is so abstract and sweeping that performing the process as claimed would cover substantially all practical applications of a judicial exception, such as a mathematical algorithm, the claim would not satisfy the test as the machine would not be sufficiently particular"
"A "particular" machine or apparatus or transformation of a "particular" article means that the method involves a specific machine or article, not any and all machines or

articles. This ensures that the machine or transformation imposes real world limits on the claimed method by limiting the claim scope to a particular practical application."

As such, Examiner must reject applicant's argument and requests applicant make sure to include a "specifically programmed computer" creating actual limits on the claimed invention.

5. Applicant's arguments, see page 9, filed 1/5/2010, with respect to claims 1, 3-12, 14-18, and 37-39[sic] under 35 U.S.C. 112 2nd have been fully considered and are persuasive. The rejection of has been withdrawn.

6. Applicant's arguments with respect to claims 1, 3-12, 14-18, and 37-39 have been considered but are moot in view of the new ground(s) of rejection.

**Claim Rejections- 35 U.S.C. 101**

7. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1, 3-12, 14-18, 37-39 and 91 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. In order for a method to be considered a "process" under §101, a claimed process must either: (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials). *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). If neither of these requirements is met by the claim, the method is not a

patent eligible process under §101 and is non-statutory subject matter. Examiner request applicant review above to overcome the 35 U.S.C. 101 rejection.

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**Claim Rejections- 35 U.S.C. 103(a)**

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

12. Claims 37-39 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Bond Portfolio Optimization and Their Applications to Index Tracking: A Partial Optimization Approach" (Hereinafter "Hiroshi") in view of US Patent 6154732 to Tarbox "Tarbox".

**Regarding Claim 37.**

Hiroshi teaches:

defining a value indicator to be used during the predefined term and entering the value indicator into the software program; (Page 297 Average unit price)

monitoring the performance of the investment manager according to whether the selected investment manager meets one or more performance targets not based on market value, (See Page 297 a-e)

Hiroshi fails to teach:

determining a predefined term for investing a predetermined amount of institutional capital in at least one bond investment and entering the predefined term and the predefined amount of institutional capital into a software program;

selecting an investment manager for investing the predetermined amount of institutional capital in the at least one bond investment for the predefined term, the investment manager using the value indicator to determine whether to buy, to hold, or to sell the at least one bond investment during the predefined term;

wherein monitoring the performance of the investment manager includes electronically generating performance reports using software on a computer.

Tarbox teaches;

determining a predefined term for investing a predetermined amount of institutional capital in at least one bond investment and entering the predefined term and the predefined amount of institutional capital into a software program; (Column 3 Lines 20-41)

selecting an investment manager for investing the predetermined amount of institutional capital in the at least one bond investment for the predefined term, the investment manager using the value indicator to determine whether to buy, to hold, or to sell the at least one bond investment during the predefined term; (See Claim 1 and Column 4 Lines 25-59)

wherein monitoring the performance of the investment manager includes electronically generating performance reports using software on a computer. (See Claim 3)

It would have been obvious to one of ordinary skill in the art to include determining a predefined term for investing a predetermined amount of institutional capital, monitoring the performance of the investment manager, and the other aspects taught by Tarbox in the Method of Hiroshi since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

**Regarding Claim 38.**

Hiroshi further teaches the value indicator is fair value of the at least one bond investment. (Page 297 Average unit price)

**Regarding Claim 39.**

Hiroshi further teaches monitoring the performance of the investment manager further includes comparing an amount of capital at the end of a respective period during the predefined term with an aggregate of accumulated interest and the fair value of the at least one bond investment at the end of the respective period. (See Page 298 Prior to Paragraph 3 Mathematical Description...)

**Allowable Claims**

8. Claims 1, 3-12, 14-18, and 91 should be allowable if amended to overcome the 101 rejection. Examiner will perform a final search for allowability if the claims are amended to overcome the pending rejections.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES A. VEZERIS whose telephone number is (571)270-1580. The examiner can normally be reached on Monday- Friday 8:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/
Supervisory Patent Examiner, Art Unit 3693

/JAMES A VEZERIS/
Examiner, Art Unit 3693

6/4/2010